

Kyle Patrick O'Neill
1/10/2023

IN THE UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF TEXAS
HOUSTON DIVISION

SCOTT EASOM, ADRIAN)
HOWARD AND JOHN NAU on)
behalf of themselves and)
on behalf of all others)
similarly situated,)
)
Plaintiffs,)
)
vs.) CIVIL ACTION NO. 4:20-CV-02995
)
US WELL SERVICES, LLC)
)
Defendants.)

ORAL DEPOSITION

KYLE PATRICK O'NEILL

January 10, 2023

ORAL DEPOSITION OF KYLE PATRICK O'NEILL,
produced as a witness at the instance of the
Plaintiff and duly sworn, was taken in the
above-styled and numbered cause on the 10th day of
January, 2023, from 10:03 a.m. to 1:26 p.m., before
Terrilyn Paul Crowley, Certified Shorthand Reporter
in and for the State of Texas, reported by a Texas
certified machine shorthand reporter at the offices
of McDonald Worley, P.C., 1770 St. James Place,
Suite 420, Houston, Texas, pursuant to the Federal
Rules of Civil Procedure and the provisions stated on
the record or attached hereto.

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1 you have like a building out there? Is it a
2 warehouse where you store equipment?

3 A. Yeah. In each of those locations we had,
4 you know, a large warehouse -- not -- large building
5 that included bays to bring in heavy equipment to
6 operate on. It had, you know, front offices. Would
7 have some training rooms, a locker room, things like
8 that.

9 Q. Would the -- on the operations side, would
10 the fleet workers ever go to these -- what do you
11 call those facilities, by the way?

12 A. Districts.

13 Q. The general area is a district, but I'm
14 talking about the building itself where they would
15 house the equipment.

16 A. Still call it the district. So it's --
17 those -- district office.

18 Q. We'll call it district office.

19 Would the fleet workers on the
20 operations side ever go to the fleet offices?

21 A. Yes.

22 Q. And what would be the reason why they would
23 go there?

24 A. It would depend -- depends on where the
25 work was located. If the work was less than

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1 Q. That was going to be my next question. And
2 why did you keep a close eye on the price of oil?

3 A. Because the price of oil and natural gas
4 does have a impact on the activity levels of our
5 customers and so the activity levels of our business.

6 Q. Is there a point at which the price of
7 oil -- and it's measured in per barrel, right?

8 A. Correct.

9 Q. And when I go from this point forward, I'm
10 referring as the price per barrel. Okay?

11 Is there a point where the price of
12 oil falls so low that it becomes unattractive for
13 your customers to continue to drill?

14 A. Yes.

15 Q. What is that -- from your understanding and
16 your experience in the last 20 years working in the
17 oil and gas industry, where is that point?

18 A. It's constantly changing, and it depends on
19 the location and, you know, a lot of technical
20 aspects of it. But currently, you know, right
21 around -- there are bands, right? So, you know, if
22 you're above \$70, almost everything works, lots of
23 activity. 60 to 70, you start to see, you know,
24 activity kind of drop, but you're not going to see a
25 whole lot of difference between 62 and 68. It's

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1 going to be pretty consistent within these bands.
2 Then I think another break point is the, you know,
3 probably every \$10 increment, you kind of see a step
4 function change.

5 Q. Based on your experience, where is the
6 point where the company's customers reach a breaking
7 point and they send a message to you that they don't
8 want to continue using your services?

9 MR. KORN: Object to form.

10 A. Every time that you kind of have one of
11 those \$10 increments or around that size of a
12 movement, you'll start to get, you know, requests for
13 pricing concessions. You know, I think the -- again,
14 there's no exact number, but, you know, if you get
15 below \$50, then you're at real risk of activity
16 severely dropping off.

17 Q. And do you remember how the price of oil
18 fluctuated during the first 90 days of 2020?

19 A. That's a loaded question. I remember that
20 period of time being extremely volatile on a lot of
21 different levels.

22 Q. During the first quarter of 2020, were you
23 paying close attention to the price of oil as you
24 have done throughout your career?

25 A. Yes, we're -- yes.

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1 Q. In the first month, what was your forecast
2 of -- to be clear, in January 2020, what was your
3 forecast of what the rest of the year was going to
4 look like?

5 MR. KORN: Object to form. Just his
6 general, his personal forecast?

7 MR. KENNEDY: Yeah.

8 A. We were optimistic. We had seen activity
9 levels increase through Q4 of 2019. We had ramped up
10 and actually hired -- I don't remember the exact
11 number, but we had hired a lot of people to be able
12 to staff up fleets and get those to work. I believe
13 we had all of our equipment or maybe all except for
14 one fleet operational, and we expected that to
15 continue throughout the year.

16 And I remember specifically thinking
17 that pricing was going to -- pricing for our services
18 were going to improve, which is why we ramped up
19 activity.

20 Q. Do you remember a significant price change
21 between the first week of January through, say, the
22 first week of February?

23 A. I don't remember. No, I'd have to go back
24 and look at the chart.

25 Q. Was there a point where the price of oil

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1 price of oil, were you -- tell me if I have it right.
2 Were you monitoring it to the point where you were
3 questioning whether your customers were going to need
4 your services?

5 A. We were -- we always monitor the price of
6 oil to -- because it is an indication of kind of the
7 direction of, you know, activity levels. It's more
8 likely for you to get dropped by a customer if oil
9 prices decline, you know, or continue to decline and
10 stay there for a while. If they're rising, you --
11 you know, you're monitoring that to hopefully pick up
12 new work and/or, you know, increase your prices.

13 But, yeah, we were trying to
14 anticipate what was going to happen and think about,
15 you know, all sorts of different scenarios.

16 Q. What led to the company's decision to lay
17 off the -- to have the mass layoffs in March of 2020?

18 MR. KORN: Object to form.

19 A. It was the -- being notified by several
20 customers that they no longer needed our services and
21 being unsuccessful in winning new work. We were
22 scrambling, dropping prices, doing everything we
23 could to try to keep those fleets working to keep as
24 many people employed as possible. But once there was
25 no work, nothing for folks to do, the company didn't

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1 when the -- there was a mass layoff, I think it
2 was -- was it March 18th when the mass termination
3 letters were sent out?

4 A. Okay.

5 Q. How soon before that was the decision made
6 to terminate those people?

7 MR. KORN: Objection, asked and
8 answered.

9 Go ahead.

10 A. I don't remember exactly when it was -- the
11 decision was made. It would have been kind of the
12 day when we knew the fleet was coming in and we had
13 nothing in the pipeline. We knew there was no work
14 and there was no hope of getting additional work.

15 Q. Look, I get it, COVID happened. It was a
16 big issue, lots going on. What I'm trying to
17 understand is kind of unravel this ball of yarn to
18 figure out the steps that took place.

19 Here's where I'm having a little
20 trouble. If there were 3 or 400 people that were
21 laid off in or around March 18th, it just seems that
22 some of those people could have received notice
23 earlier as opposed to telling them all in a single
24 day. Because the way in which the customers were
25 canceling contracts wasn't all in one day. It was

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1 over a period of time, right?

2 A. Yes.

3 MR. KORN: Wait, wait. Object to the
4 form. Objection, asked and answered.

5 Subject to my objections, you can
6 answer.

7 A. Yes, the customers canceled contracts or
8 rigged down the fleets on various days or gave us
9 notice that they were going to. So then there was
10 still work to be completed. So they would say, okay,
11 finish up this pad or this well or this area, but
12 then, you know, you're done after that. So that
13 could have taken -- that could have been a day, it
14 could have been, you know, several weeks.

15 During that time frame, we were
16 talking to every single customer out there trying to
17 find additional work for that. And, you know, we had
18 some leads. We thought that we were going to be able
19 to win some work, and at the end of the day we were
20 unsuccessful in those attempts. But it wasn't until
21 pretty close to when we had the mass layoffs that it
22 was clear that, all right, we have no work and we're
23 going to have to lay folks off.

24 Q. Why couldn't you provide them additional
25 notice than no notice at all?

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1 everything's on track, and then call you the next day
2 and say, just got a call, we're shutting everything
3 down. So it's not perfectly correlated to price. I
4 wish it was. It would make it a lot easier.

5 Q. In the midst of all the layoffs, did the
6 company in March also lay off any management or
7 executives?

8 A. Yes. Several.

9 Q. Who?

10 A. Nathan Houston, our COO; Chuck Johnson, VP
11 of operations; Robert Kurtz, our VP of maintenance
12 and power generation; Mark Wolf, our general counsel;
13 Richard Hoffman, I believe he was the VP of HS&E.
14 I'm sure I'm missing a few folks. There were a few
15 layers of management that were also let go.

16 Q. When were they laid off and why?

17 A. I don't know the exact dates. But again,
18 in looking at all the different ways to save costs
19 and to, you know, reduce the cost structure to try to
20 keep our fleets operating, you know, it became the
21 realization that we could probably streamline at the
22 senior management levels and save costs and try to
23 reduce our cost structure.

24 Q. Was this part of the company's decision to,
25 you know, be in survival mode in order to move